



Legislative Requirement:

An Audit of the Board of Plumbing Examiners

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The Board of Plumbing Examiners (Agency) had processes in place to ensure that it administers financial transactions in accordance with applicable requirements. However, the Agency should improve its processes related to travel reimbursement and reconcile its licensing and accounting systems.

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This audit was conducted in accordance with Rider 3, Page VIII-48 and Rider 5, Page X-6, General Appropriations Act (89th Legislature).

HIGH

EXPENDITURE PROCESSING

The Agency should strengthen its processes to reimburse travel expenses in accordance with all applicable requirements. The Agency's purchasing processes ensured that purchases were supported, accurately recorded, and approved.

[Chapter 1 | p. 4](#)

LOW

REVENUE PROCESSING

The Agency processed both cash transactions and online revenue payments according to requirements. However, the Agency should implement reconciliations as required by the Comptroller's Office's Accounting Policy Statement 029.

[Chapter 2 | p. 7](#)

Summary of Management's Response

Auditors made recommendations to address the issues identified during this audit, provided at the end of each chapter in this report. The Agency agreed with the recommendations.

Ratings Definitions

Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

PRIORITY: Issues identified present risks or effects that if not addressed could *critically affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

HIGH: Issues identified present risks or effects that if not addressed could *substantially affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

MEDIUM: Issues identified present risks or effects that if not addressed could *moderately affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

LOW: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks *or* effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on the methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

Background Information

Board of Plumbing Examiners

Created in 1947, the Board of Plumbing Examiners (Agency) helps protect Texans against the health and safety hazards that can result from improperly installed plumbing, gas, and medical gas systems. The Agency reported that as of March 2026, Texas had 73,362 licensed plumbers. The Agency:



Examines applicants and licenses plumbers.



Oversees and provides training for continuing professional education.



Investigates and resolves complaints, including disciplinary action when needed.

Sources of Revenue

The Agency is required to set fees that are reasonable and necessary to cover the cost of administering its duties. In fiscal year 2025 the Agency collected \$5,340,726 in professional fees (for licensing, exams, and training) and administrative penalties. The Agency collects revenue through cash, checks, and online payments.



HIGH

Chapter 1 Expenditure Processing

The Agency should strengthen processes to reimburse travel expenses in accordance with all applicable requirements.

Employee Travel Reimbursements. The Agency accurately processed all 16 employee travel vouchers tested, and each voucher met requirements outlined in Texas Government Code, Section 660.027. The Agency's process ensured that travel vouchers and required supporting documentation were prepared and approved by separate employees.

For all travel vouchers tested, the Agency reimbursed applicable employee lodging and transportation expenditures per Texas Government Code, Chapter 660, and did not exceed allowed rates. However, the agency reimbursed all but one employee for meals at the maximum allowable rate rather than for actual expenses. Texas Administrative Code, Title 34, Section 5.22, requires agencies to pay actual expenses incurred up to the allowable meals rate specified in Section 5.05, page IX-27, of the General Appropriations Act (88th Legislature). Without a process in place to determine the amount employees actually paid for their meals, the Agency risks reimbursing employees for more costs than they incurred.

Board Member Reimbursements. During fiscal year 2025 and the first quarter of fiscal year 2026, the Agency reimbursed members of its governing board a total of \$12,389.67 for lodging and meals. Texas Occupations Code, Section 1301.158, states that board members of this agency may not receive reimbursement for lodging and meals.

The Agency's purchasing processes reduced the risk of unallowable purchases and inaccurate recording of purchases.

The Agency established and followed purchasing processes that led to purchases being supported, accurately recorded, and approved. For all 25 purchase orders tested, the Agency created purchase orders before obtaining goods and services, which reduces the risk that the Agency may be overcharged or billed beyond the agreed amount.

During the purchasing process, Agency staff performed vendor compliance checks in accordance with state requirements and created purchase orders after Agency management approved requests for services or items. The Director of Finance reviewed purchase orders before each purchase and approved them before payment. Agency staff retained the necessary documentation to compare each invoice to the purchase order, requisition, receipts, and other applicable documentation prior to payment as required.

For the purchases tested, the agency paid vendors within 31 days in accordance with rules set by the Office of the Comptroller of Public Accounts (Comptroller's Office).

Recommendation

The Agency should:

- Implement a process to reimburse actual meal expenses incurred by their employees to ensure that reimbursements do not exceed actual costs.
- Reimburse board members only for allowed travel costs in accordance with requirements from Texas Occupations Code.

Management's Response

Texas State Board of Plumbing Examiners agrees to implement a process to reimburse actual meal expenses incurred by employees as described in Section 5.05 (a)(1), page IX-28, of the General Appropriations Act (89th Legislature).

Director of Financial Operations will be responsible for implementing corrective action which will be completed by August 31, 2026.

Texas State Board of Plumbing Examiners agrees to reimburse board members for travel costs allowable per the Texas Occupations Code, Sec. 1301.158.

TSBPE previously requested modifications to allow for reimbursements to more closely align with that of other state agencies. TSBPE will make that request again in the upcoming legislative session.

Director of Financial Operations will be responsible for implementing corrective action which will be completed by August 31, 2026.

LOW

Chapter 2 Revenue Processing

The Agency’s revenue collection process ensured cash and online revenue was collected and recorded correctly in the Agency’s accounting and licensing systems.

The Agency had effective revenue processes but should strengthen them with required reconciliations.

The Agency collects cash, check, and online payments. All 25 of the cash and check transactions tested were supported by receipts and Agency records; accurately recorded in the accounting and licensing systems; and prepared and approved by separate employees, preserving segregation of duties. The Agency deposited the cash transactions into the State Treasury within the timeframe required by Texas Government Code, Section 404.094.

The Agency accurately processed licensing fees and administrative penalties paid both in cash and online from September 2024 through November 2025 and correctly recorded them in the Agency’s accounting and licensing systems.

While the Agency collected and accurately recorded revenue, it did not reconcile program and accounting records in compliance with the Comptroller’s Office’s Accounting Policy Statement 029. Statement 029 requires agencies to reconcile program and accounting records to the transaction details provided by the Comptroller’s Office, the Uniform Statewide Accounting System (USAS), and online payment processors to ensure that transactions are accurately recorded and properly accounted for.

Revenue Collected

The Agency collects professional fees and administrative penalties. In fiscal year 2025, the Agency collected:

- \$4,944,281 in professional fees.
- \$396,445 in administrative penalties.

All fees and administrative penalties collected are deposited directly into the State’s General Revenue Fund.

Sources: USAS, Strategic Plan for fiscal years 2025-2029.

Recommendations

The Agency should implement reconciliations between the program systems, accounting systems, and online payment processing systems to comply with the Comptroller's Office's Accounting Policy Statement 029.

Management's Response

Texas State Board of Plumbing Examiners agrees to implement reconciliation per the Comptroller's Accounting Policy Statement 029.

TSBPE attempted to perform this reconciliation in the past but was unable to obtain sufficient information from external sources for completion. With the adoption of Snap Pay, TSBPE has been able to acquire the needed information to complete the reconciliation.

Director of Financial Operations will be responsible for implementing corrective action which will be completed by August 31, 2026.



Appendix 1

Objectives, Scope, and Methodology

Objectives

The objective of this audit was to determine whether the Board of Plumbing Examiners (Agency) has processes and related controls to ensure that it administers financial transactions in accordance with applicable requirements.

Scope

The scope of this audit covered the Agency's financial transactions, including purchasing, travel reimbursements, and revenue, from September 1, 2024, through November 30, 2025. The scope also included a review of significant internal controls related to the Agency's financial processes.

The following members of the State Auditor's staff performed the audit:



- Arnton Gray, CPA, CIA (Project Manager)
- Charlotte Carpenter, CPA (Assistant Project Manager)
- Spencer Cosson
- Andrew Mohr
- Cynthia Saye, CFE
- Robert G. Kiker, CFE, CGAP (Quality Control Reviewer)
- Anna Howe, CIA, CFE (Audit Manager)

Methodology

We conducted this performance audit from November 2025 through April 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to the Agency's management for consideration.

Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed Agency management and staff to gain an understanding of the Agency's financial processes.
- Identified the relevant criteria:
 - Agency policies and procedures.
 - Texas Occupations Code, Chapter 1301.
 - Texas Administrative Code, Title 22, Part 17.
 - Office of the Comptroller of Public Accounts':
 - Fiscal policies and procedures.
 - *State of Texas Procurement and Contract Management Guide*, version 3.0.
- Determined whether the Agency has processes and related controls to ensure that it administers financial transactions in accordance with applicable requirements by:
 - Reviewing the Agency's policies and procedures.
 - Performing data analysis on cash and online payments to ensure that transactions are accounted for in the Centralized Accounting and Payroll/Personnel System (CAPPS) and the Versa licensing application.

- Performing data analysis on board member travel reimbursements to determine the total amount paid for lodging and meals.
- Selecting and testing non-statistical samples to determine if purchasing, employee travel reimbursements, and cash controls were implemented and if the transactions were accurately supported, approved, and processed in accordance with applicable requirements.

Samples tested were chosen using random selection to obtain coverage of the population. Purchase orders sampled were limited to those over \$100, so that sample was not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population. Cash transactions and employee travel voucher samples were representative of the population; therefore, it would be appropriate to project those test results to the population, but the accuracy of the projection could not be measured. Figure 1 summarizes the sample sizes.

Figure 1

Populations and Samples Selected

Description	Population	Sample Size
Purchase Order Transactions	754	25
Cash Transactions	462	25
Travel Vouchers	74	16

Data Reliability and Completeness

To determine data reliability and completeness, auditors:

- (1) Observed the Agency staff’s extraction of requested data populations for revenue and expenditures.
- (2) Reviewed the data queries and report parameters.
- (3) Analyzed the populations for reasonableness and completeness.
- (4) Reconciled the extracted data against the Uniform Statewide Accounting System (USAS).
- (5) Conducted testing of user access controls for CAPPS and USAS.
- (6) Tested purchasing, employee travel reimbursements, and cash revenues against supporting documentation.

Auditors determined that the following data sets were sufficiently reliable for the purposes of the audit:

- Population of revenue and expenditure data from CAPPs.
- Population of revenue data from Texas.gov and Versa.

Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.



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The Honorable Dustin Burrows, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Board of Plumbing Examiners

Members of the Board of Plumbing Examiners

Ms. Lisa Hill, Executive Director



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